Contract No. OPSC-SRB-20238-3

Date: 22.08.2023.

VPD „Smederevo" d.o.o

ВПД „СМЕДЕРЕВО" ДОО
Број 2/154
Датум 23.08.2023.
СМЕДЕРЕВО, Бранка Радичевића 1

Agreement for Buildings for Communications, Information, Signal Engineering Equipment Along Novi Sad - Subotica - State Border (Kelebija) Architecture

CRSC INTERNATIONAL CO., LTD. OGRANAK BEOGRAD

AND

VPD „SMEDEREVO" DOO, SMEDEREVO

ДОПРИВРЕДНО ПРИВРЕДНО ДРУШТВО СА ОГРАНИЧЕНОМ ОДГОВОРНОШЋУ * СМЕДЕРЕВО *

Верна орг

THIS SUBCONTRACT is made between:

Party A:

CRSC INTERNATIONAL CO., LTD. OGRANAK BEOGRAD, with the registered seat in Belgrade, Belgrade-Zemun, Majevi č ka 2m, registration no:29507678, tax identification no:110760071, legally represented by Mr. Xu Yang, Legal representative of the branch office. (hereinafter also referred to as: "Party A").

And

Party B:

VPD SMEDEREVO D.O.O, with the registered seat in Smederevo, 1 Branka Radičevića Street, registration no: 07198515, tax identification no: 100359241, legally represented by Mr. Luka Matović, Legal representative of the company. (hereinafter also referred to as:"Party B").

Whereas:

1. Joint Venture CRIC-CCCC on July 7, 2018, together with the Ministry of Construction, Transportation and Infrastructure of the Republic of Serbia and Infrastructure of Serbian Railways Ltd. signed the "Commercial Contract for the Execution of Works on the Modernization and Reconstruction of the Hungarian-Serbian Railway in the territory of the Republic of Serbia, section Novi Sad - Subotica - State Border (Kelebija)" (hereinafter referred to as Commercial Contract);

2. Following an agreement between the two parties, namely CHINA RAILWAY INTERNATIONAL CO., LTD. SERBIA OGRANAK

BEOGRAD-SAVSKI VENAC and CRSC INTERNATIONAL CO., LTD. OGRANAK BEOGRAD, on 19th October, 2021, a subcontract was signed in Serbia for the execution of works on the Telecommunication, Signalling, and other systems on the Project of Modernization

and Reconstruction of the Hungarian-Serbian Railway in the territory of the Republic of Serbia, section Novi Sad - Subotica - State Border (Kelebija) (hereinafter referred to as the Main Contract).

3. **Party A** is authorized to undertake all the execution of works on Buildings for Communications, Information, Signal Engineering Equipment Along Novi Sad - Subotica - State Border (Kelebija) on the Project of Modernization and Reconstruction of the Hungarian-Serbian Railway in the territory of the Republic of Serbia, section Novi Sad - Subotica - State Border (Kelebija);

4. **Party A**, with a desire to engage Party B to carry out the works related to Buildings for Communications, Information, Signal Engineering Equipment Along Novi Sad - Subotica - State Border (Kelebija), on a subcontract basis (hereinafter referred to as the "**Subcontract Works**"), while Party B is willing to undertake all the execution of the Subcontract Works.

Party A and **Party B** have entered into a Subcontract (hereinafter referred to as the "**Subcontract**") in Belgrade on 22nd of August 2023, after friendly consultation. The terms and conditions are set forth as follows for both parties to comply with.

Article 1 Definition

1.1 Commercial Contract Works: it refers to the Project on modernization and reconstruction of the Hungarian-Serbian railway in the territory of the Republic of Serbia section Novi Sad - Subotica - State Border (Kelebija)

1.2 Commercial Contract: it refers to the Main Contract and annexes as well as additional agreements, changes, claims and other relevant documents that were created during the execution of works between the Contractor and the Employer in relation with the Project on modernization and reconstruction of the Hungarian-Serbian railway in the territory of the Republic of Serbia section Novi Sad - Subotica - State Border (Kelebija) (hereinafter: the Project), signed by the Joint Venture CRIC-CCCC with the Government of the Republic of Serbia and Infrastructure of Serbian Railways Ltd. on July 7, 2018.

1.3 Main Contract Works: The scope of the NS-IV bid section of this contract is divided into following parts:

(1) Communication, information, signal engineering system integration, all the necessary work, and the test and acceptance during construction period, defects liability period, and warranty period.

(2) Buildings for communications, information, signal engineering equipment.

(3) Providing all technical documents required for completion by the NoBo

(4) Party A is obliged to complete the Serbian text version of the construction log to be filled out and reported to the employer, while assisting the employer to complete all the necessary reporting to the investor.

1.4 Main Contract: means the Main Contract signed by CRIC Serbia Branch and Party A

1.5 Subcontract Works: means 1 SS/TT building (in the Lovćenac km129+522(R) station) including dismantling, construction etc.

The specific contents of the Subcontract Works are shown in Appendix 1 "The Priced Bill of Quantities".

1.6 Subcontract: means this Contract, namely the Subcontract signed by Party A and Party B for the execution of the Subcontract Works consisting of a Contract and its Appendixes.

1.7 Subcontract Price: means the price agreed on by Party A and Party B and defined in the Subcontract which shall be paid by Party A to Party B for completion of all the works defined in the Subcontract.

1.8 Day: means **calendar days**.

1.9 **Employer**: means the Joint Venture CRIC-CCCC.

1.10 Defects Liability Period

The defects liability period starts from the date of project acceptance certificate issued by the Employer to the end of one year term.

1.11 Warranty Period

The warranty period is calculated from the date of the project acceptance certificate received by the Party A to the end of a consecutive five-year term (including the defects liability period).

1.12 Priority of Contract Documents

The documents forming the Subcontract are to be taken as mutually explanatory of one another. For the purposes of interpretation, unless otherwise agreed in the Subcontract, the priority of the documents shall be in accordance with the following sequence:

(1) This Subcontract

(2) Main Contract

(3) Design Documentation

(4) The Priced Bill of Quantities

(5) All the written consent, confirmation, memorandum, minutes, and other documents related to the Subcontractor's scope of work agreed by the Contractor and the Employer during the performance of the Main Contract and the Subcontract, as well as other documents related to the Project signed by both parties during the contract period.

The above documents are an integral part of the Subcontract and have the same binding force on both parties. In case of any difference in understanding or interpretation of the Subcontract, Main Contract, and other Agreements between the two parties, the Main Contract and the latest formed documents shall prevail.

In case of any ambiguity or inconsistency in the contract documents, both Parties shall negotiate for a solution, but the progress of the Project shall not be affected.

Article 2 General Provisions

2.1 Party A, intends to subcontract all the works related to building construction, dismantling, etc. on Lovćenac km129+522(R) station and related ancillary work defined in clause 1.5 and APPENDIX 1 to Party B. Party A is hereby to guarantee that Party A shall fully fulfil its obligations defined in the Subcontract to ensure due rights and interests of Party B.

2.2 Party B sufficiently understands the content and situation of the Main Contract Works and the Subcontract Works, and also understands that Party A's responsibilities to the Employer

in all the Subcontract Works as defined in the Main Contract are Party B's responsibilities to Party A in the Subcontract. Party B is willing to abide by and perform all responsibilities and obligations related to the Subcontract Works as defined in the Main Contract unless request otherwise stipulated in the Subcontract. Party B agrees to execute the Subcontract Works according to relevant terms and conditions in the Main Contract and is willing to undertake the responsibilities and obligations defined in the Subcontract.

2.3 Based on the above-mentioned conditions Party A agrees to entrust Party B with the execution of the Subcontract Works and to pay the Subcontract Price according to the actual completion of the works in terms of the Subcontract.

Article 3 Composition of the Subcontract

3.1 The Subcontract consists of the following documents:

(1) The Priced Bill of Quantities (Appendix 1)

(2) List of personnel from Party B (Appendix 2)

(3) List of the mechanization and tools on the construction site and list of devices and materials on the construction site (Appendix 3)

Article 4 Responsibilities of Party A

4.1 As per the stipulations in the Main Contract regarding the provision of the work site by the Employer to Party A, Party A shall provide Party B with the work site and the access road for smooth passage to the site during the construction period. The costs occurred due to temporary facilities and transportation for execution of the Subcontract Works shall be borne by Party B. Party B shall be responsible for the protection and storage of the delivered equipment and materials along with the completed works on the Site.

4.2 Party A shall be responsible for the internal and external communication and coordination during the execution of the Subcontract Works.

4.3 Party A shall supervise and check Party B's actual progress, quality, and safety situation from time to time. Party A's supervision and inspection shall not relieve Party B from the responsibilities of completing the Subcontract Works according to the requirements in the Subcontract. Party A has the right to request Party B to remedy or rework the parts that fails to meet the standards or be proven as disqualified, or demand Party B to replace unqualified materials and equipment, or replace ineligible or incompetent personnel of Party B, including Party B's representative. If Party A demands the replacement of Party B's personnel, Party B shall send relevant successor in position within 14 days, and the handover time shall not be less than one month.

4.4 According to Party B's written request and plan, Party A shall organize communication and negotiation with respect to design, technology and construction between Party B and the Employer or its representative, and make arrangement for Party B to participate in the working meetings regarding the design and execution of various works interfaces organized by the Employer.

4.5 Party A shall facilitate the work connection and coordination between Party B and other working parties so that Party B can proceed smoothly according to the approved design and construction plans.

4.6 In the event of a standstill or suspension of works that are caused by the fault of the Party A, all costs are borne by Party A. In the event of a standstill or suspension of works that are caused by the fault of the Party B, all costs are borne by Party B. If the project is suspended or suffers losses due to the responsibility of the Employer or a third party during the construction process, both Parties are responsible for themselves.

Article 5 Responsibilities of Party B

5.1 Abide the Subcontract, conscientiously execute and complete all the work contents of the Subcontract works according to the construction time, quality standards and norms according to the Contract (the Main Contract and to the Subcontract) and the instructions of the Employer or Party A.

Party B is fully responsible for quality of the Subcontract work, equipment and materials, the safety in construction and the timely completion of the project. If Party B is not able to or will be not able to complete Subcontract Works before the deadline specified in this

Subcontract, Party A has the right to cancel this contract and nominate other third-party company as Party B to fulfil the rest part of the Subcontract Works. If rework is caused by Party B, the rework cost shall be borne by Party B. If the total cost of the remaining projects executed by the third-party company exceeds the amount of the remaining projects hereunder, the excess amount shall be borne by Party B.

Pursue to Party A requirements, Party B shall submit detailed project management plan (including, but not limited to, Construction schedule, the Work Plan, Quality Control Plan and Safety Control Plan, Supply Plan, List of workers), as well as all other documents required by the laws and regulations of Republic of Serbia, within 10 days after signing the Subcontract. The plan shall be executed on Party A's approval.

Party B shall provide workers and equipment that meet the construction requirements (whether it is construction schedule or construction quality). If the on-site construction workers and equipment do not meet the construction requirements, Party A has the right to request Party B to increase workers and equipment.

In case Party B is not capable of completing the Subcontractor Work as per the schedule requested by Party A, Party A is entitled to handover the remained work to other third party who is capable of completing the work. Party B will bear the extra cost caused by such work handover including the charges for the rush to work.

If Party B is proven to be capable of completing the Subcontractor work ahead of the schedule requested by Party A, Party A will grant additional building construction work to Party B according to its capability. For additional work, the unit price must be the same as in this Subcontract.

5.2 Party B should, in compliance with related provisions as stipulated in the Subcontract, take on all the responsibilities and obligations of Party A under the Main Contract relating to the Subcontract Works, as well as to all responsibilities and obligations of the Party A in accordance with applicable laws and regulations, and bear all the relevant risks and responsibilities. Party B shall be responsible for all the materials and work relating to the Subcontract Works including, but not limited to the building construction, repair, dismantle, construction of interfaces related to the project construction and/or the Employer's requirement, warranty maintenance of the local part, relevant personnel training as

requested by the Employer and/or required by the Project, cooperation in the temporary operation and maintenance of Party B's own work in the warrant period. Party B shall bear all the costs and expenses in relation to the above mentioned. In the execution of the Subcontract Works, if Party B's behaviour or negligence causes Party A to breach the Main Contract, or if Party B breaches the Subcontract, Party B should compensate Party A for the losses thus incurred thereafter.

5.3 Party B is obligated to submit to Party A Work Progress Schedule in weekly basis and other forms and documents that may be required by Party A to ensure the completion of the Subcontract works as per Work Progress Schedule.

5.4 Party B is obligated to abide by the Serbian laws; comply with the administrative rules and regulations of local authorities regarding the traffic around the work site, construction noise, environmental protection and safety and civility in construction, as well as to any other applicable law or regulations in relation to the subcontract works.

5.5 Party B is obligated to cooperate with and make it convenient for supervision and inspection of the Employer, the Employer's representative, and Party A. In the event of exceptional cases or accidents, Party B should immediately notify Party A while taking active and effective remedy measures.

5.6 Party B is obligated to provide and employ on the construction site such skilled workers as is necessary for the proper and timely execution of the Subcontract. The Party B shall be responsible for the recruitment, transportation, training, and accommodation and catering of all employees and workers required for the execution of the Subcontract and for all payments in connection therewith. The Party B shall at all times during the progress of the Subcontract use its best endeavour to prevent any unlawful, riotous or disorderly conduct or behaviour by or amongst its employees and workers.

5.7 Party B should be fully responsible for the safety in construction of the Subcontract works. Party B shall be obliged to undertake any safety measures on the Site in order to ensure the security of adjacent objects, works, equipment, devices, installations, workers, traffic, the environment, and property. Accordingly, Party B should set up a sound and necessary safety and security system to ensure personnel safety of its staff, local employees and workers and provide them with the safety equipment. It should commit itself to accident occurred and problems and damages arising from the accident. (The related losses caused

by Party B, such as the Employer, Party A's personnel and property, etc. shall be borne by Party B)

5.8 The Value Added Tax amount calculated according to the related laws is not included in the Subcontract price. All taxes and fees (including salary tax and mandatory social contributions of Party B's personnel), exclusive of VAT shall be borne by Party B.

5.9 Party B should not assign the Subcontract Works to any third party without written approval of Party A.

5.10 During the execution of the subcontract, Party B shall actively cooperate with Party A with internal and external communication and coordination.

5.11 Party B is obliged to assist party A, on a weekly basis, to filling out the construction log and construction book during construction works, records of construction process, and records of hidden works and retain image data.

5.12 Quality Inspection

5.12.1 Party A (including Employer, Supervising Engineer, Investor, etc.) has the right to check and inspect all parts of the project and its construction techniques and processes, materials, and equipment, to accept the delivery of them, to check the material certificate, product certificate, (CE certificate if necessary), etc. Party A has the right to inspect on the construction, the manufacturing, processing sites, or other places agreed herein and to refer to the original construction records there.

Party B shall, as instructed by Party A, carry out sample tests, reviewing measurement for engineering, and equipment performance test required at the construction site and other places, provide test samples, submit test reports and measurement results, and carry out other work required by Party A. Party B shall, in accordance with the requirements of the design document, select a qualified laboratory to conduct the inspection, and the inspection items, inspection frequency or third-party inspection requirements shall be carried out in strict accordance with the design document. The above inspection and inspection costs shall be borne by Party B and shall not exempt Party B from its responsibilities as agreed herein.

5.12.2 Party B shall guarantee the quality of materials and engineering equipment purchased for the Project and shall not purchase or use unqualified materials and engineering equipment.

If use, Party B shall obey and receive the punishment decision made by Party A and bear the relevant responsibilities and expenses, but the construction period will not be postponed.

5.13 Party B shall provide all test reports/inspection reports/measurement reports in the construction process, and the above-mentioned reports shall be provided by qualified utilities.

5.14 Party B shall arrange the security personnel registered in the Serbian railway bureau for on-site protection, and Party B shall provide the safety protective equipment for on-site construction.

5.15 If there are other new or ancillary projects within the scope of Party B's subcontracted project, Party B shall accept Party A's request for construction.

5.16 Party B is requested to access to the site and start the Subcontract Work at two sites simultaneously, as standard and test of the work. Party A will make the advance and interim payment according to the two sites. Upon standard site is proven completed perfectly as requested, Party A will make the advance payment for the rest two sites in this Subcontract, as well as interim payment according to the progress of the work of Party B

5.17 Party B is responsible for making the as-built documents and submitting to the Party A upon the completion of the subcontract work. The as-built documents prepared by the Party B must comply with the Planning and Construction law of Serbia, Design Specifications, Requirements of the Serbian Railways and of the Ministry of Construction, Transportation, and Infrastructure, and be submitted to the Contractor in English and Serbian versions, tentatively seven hard copies in Serbian and two copies in English (soft copy must be submitted together with document format of PDF, docx, xlsx, DWG). The signer of the completion technical documents must have corresponding qualifications, who is responsible for the authenticity and compliance of the submitted information. Besides, Party B will provide two additional sets in Serbian version of temporary As-built documents.

Article 6 Construction Period, Defect Liability Period

6.1 The construction period of Party B shall be determined according to Party A's dynamic construction plan. Party B promises to start the subcontracting project and complete it

before 30th, October 2023. In case of any change in the construction period due to unforeseen causes, both Parties shall negotiate for a solution.

Party B shall start the subcontracting work within 7 days after Party A issues the official start-of-work notice.

Party B shall commence and complete the Subcontract Works according to the Construction Schedule which is approved by Party A. The extension of construction period shall conform to the relevant terms and conditions defined in the Main Contract and shall be approved by the Employer or its representative and Party A. If the Party B becomes aware that a delay in the performance of the Subcontracted Works within the agreed term is possible or certain, it shall notify the Party A accordingly and shall exert all reasonable efforts to prevent the delay, i.e., it shall propose measures for remedying the consequences and reorganizing the dynamics in the performance of the Subcontracted Works. In the case of a delay in the fulfillment of the Subcontracted Works within the agreed term, which delay is caused by Party B's fault, the Party B shall be obliged to undertake, at its own expense, all reasonable measures in order to rectify the consequences of the delay.

The Party A is entitled to charge the Party B the amount of 0.025% of the Subcontract Price as liquidated damage for each day of delay in the fulfilment of the assigned obligations, up to a maximum amount of such liquidated damage of 5 % of the Subcontract Price.

6.2. The Party B shall be responsible for the deficiencies in the performed works and delivered goods for a period of 12 months from the acceptance of the works, i.e., 12 months from the receipt of the Taking over Certificate (Defects Liability Period). The warranty period is executed in accordance with the reasonable service life specified in the Subcontract and the Serbian national laws and regulations, industry regulations and design documents.

Any deficiency in the fulfillment of the subcontracted works shall be rectified by the Party B at its own expense.

The Party B shall, within the defect liability period, assume the same defects liability as stipulated in the Main Contract for the works that has already been delivered for use. During the defect liability period, the Party B shall not only complete the unfinished work listed in the taking-over certificate, but shall also repair any defects that may occur at the Party B's expense for defects caused by the Party B.

During the defect liability period, the Serbia Railways shall be responsible for the daily maintenance of the works that has already been delivered for use. If, during use, the Serbia Railways finds that there are new defects in the received works caused by the Party B or that the repaired defective parts or components are damaged again, the Party B shall be responsible for repairing them until they pass the inspection.

To meet the requirements for the correct implementation of the project or the completion of the repair of defects therein, the Party A may provide supplementary Design documentation and notices within the scope of the Subcontract, which shall be unconditionally accepted and executed by Party B upon mutual agreement between the Party A and the Party B.

The Party A and the Party B shall jointly ascertain the cause of defects and/or damages. If it is caused by the Party B, the Party B shall bear the cost of repair and inspection. If it is not caused by the Party B, the Party A shall negotiate with the Employer regarding the costs of inspection and repair, and shall pay the Party B reasonable costs after obtaining the relevant costs of the Employer.

Extension of defect liability period

If the defects liability period is extended in accordance with the Main Contract, Party B is obliged to extend the defects liability period, but the extension shall not exceed the extension of defects liability period under the Main Contract, in which the maximum extended defects liability period will not exceed 24 months.

6.3 In case of the failure of the Party B to fulfill the obligations during the Defect Liability Period, the Party A shall be entitled to rectify the deficiencies itself or by engaging a third party at the expense of the Party B and retain Retention money, but only in the amount of damage occurred and it obliges to return the difference to Party B upon expiry of Defect Liability Period.

If the Party B fails to fulfill the defects liability upon the expiration of the defect liability period, the Party A shall have the right to withhold the balance of the retention money corresponding to the amount required for the remaining work, and shall have the right, as agreed above, to request the extension of the defect liability period until the completion of the remaining works.

Party A shall be entitled to retain 5% of the Accepted Subcontract Amount as warranty for the performance of above-mentioned works, until the end of the defect liability period.

ДОО ПРИВРЕДНО ДРУШТВО ДРУШТВО СА ОГРАНИЧЕНОМ ОДГОВОРНОШЋУ СМЕДЕРЕВО

Retention money shall be 5% of the Subcontract price. The Party A shall, starting from the first payment period, deduct from each payment period 5% of the Contract payment amount of each period corresponding to the payment certificate for the completed works, till the total retention money amount withheld reaches the agreed amount or proportion. The calculated amount of retention money does not include the payment of advance payment and the amount of deduction. The retention money shall bear no interest.

After issuing the Taking Over Certificate for Subcontract Works, Party B has the right to exchange Retention Money with bank guarantee securing removal of defects in the warranty period. The submitted bank guarantee for defects in the warranty period should be in the amount of 5% of the Accepted Contract Amount with validity term 28 days longer than the defect liability period. After delivering the mentioned guarantee, Party A has the obligation to return Retention Money to Party B.

The bank guarantee described in this Article must have a clause that it is irrevocable, unconditional, and payable at first call without objection according to the international rules URDG 758.,

Article 7 Subcontract price and Payment terms

7.1 This contract is a unit price contract, the tentative contract amount is RSD, and the final settlement of the project quantity is based on the construction drawings and on-site acceptance of actual performed subcontract works. The price of the subcontract includes, but is not limited to, all the obligations of the subcontractor under this contract, that is, the construction machinery, equipment, materials and losses, water supply, power supply, labour, installation, completion acceptance and Engineering survey, testing, debugging, and defect repair required to complete the contract project in accordance with the engineering standards, quality and safety inspection, safety protection fee, management fee, temporary and transitional engineering fee, engineering maintenance fee, insurance fee, profit, and other expenses. The Subcontract Price shall be quoted in RSD.

7.2 The unit prices of various items in the Subcontract Works are corresponding unit prices specified in the Article 3.1 (1) (See attached Appendix 1, The Priced Bill of Quantities), Payment shall be calculated at the unit price in the attached Appendix 1. Items included in the construction drawing design documents but not reflected in the "The Priced Bill of

Quantities" in Appendix 1 are deemed to have been included in other items in the "The Priced Bill of Quantities" in Appendix 1.

7.3 Party B shall, before the 15th day of each month, provide Party A with the list of contents of the project completed in the current month (application form provided by Party A), which shall be confirmed by Party A. Party A confirms the content of the project completed by Party B, After Party B provides Party A with a payment certificate that complies with local regulations. Interim / Final Payment Certificate shall be formed on a monthly basis according to achieved progress of works and unit prices from the Priced Bill of Quantities, which represents Appendix 1.

The Party A after the submission of the Interim and/or Final Payment Certificate, will perform control within 14 days, whether the Interim and/or Final Payment Certificate is issued in accordance with the performed works and other conditions of this Agreement. If Interim and/or Final Payment Certificate are not compatible with the performed works and other conditions of this Agreement the Party A may object and return it to the Party B for correction. Otherwise, the Party A is obliged to certify the Interim and/or Final Payment Certificate within in this paragraph stipulated deadline.

Party B shall provide invoices in compliance with local laws and regulations based on the payment certificate confirmed by both parties; Party A shall pay Party B within 45 days after receiving the invoice and upon receiving corresponding payment from the Employer.

If the work done by Party B does not meet the contract or design requirements, the payment can be temporarily deducted for this part of the cost, and this part of the cost will not be calculated and paid until the part of the work is completed and meets the requirements.

If Party B fails to perform work or perform its obligations in accordance with the contract, and Party A has notified the Party B, it can withhold the value of the work or obligation until the work or obligation is performed.

7.4 Party B shall provide Party A with the performance guarantee within 10 days after signing the subcontract. Performance guarantee should be in the amount of 10% of the Accepted Subcontract Amount with validity term 28 days longer than the completion of the project as agreed in this Subcontract.

7.5 Party B shall provide the advance payment guarantee to party A within 3 days after signing the subcontract. The amount of advance payment guarantee shall be 20% of the contract

amount, and the term of validity shall be 28 days longer than the agreed term of subsection project acceptance. Upon receipt of the advance payment guarantee, party A shall provide party B with 20% advance payment of the contract amount on condition of new construction personnel (not personnel from the existing construction site) who must access to the construction site of Lovćenac and start construction work. The advance payment for the project will be deducted from the progress payment, and 30% of the bill amount will be deducted from each interim payment certificate until all the advance payment is deducted.

Before 25th August, 2023, Party B must access to the construction site of Lovćenac and start construction work and otherwise, Party A has the right to deduct 1,000,000 dinar from the contract amount. If Party B can only access to the construction site of Lovćenac and start construction work Before 31th August, 2023, Party A will have the right to deduct yet another 1,000,000 dinar from the contract amount and terminate the contract at the same time.

7.6 Performance guarantee must be irrevocable, at the first call and pre-approved by the Party A.

7.7 All bank guarantees described in this Article must have a clause that it is irrevocable, unconditional, and payable at first call without objection according to the international rules URDG 758.

Article 8 Variation and Compensation claim

8.1 Terms of contract variation:

In case of major variation in the Main Contract, the corresponding part of the subcontract shall vary accordingly.

8.2 Any changes made by the subcontractor on this project shall meet the relevant stipulations in the Main Contract

In case of adjustment of price of the Main Contract or the change of construction period of Main Contract works, the Subcontract price or construction period shall be adjusted accordingly in the light of the adjustment of the price and the construction period made in the Main Contract.

8.3 If claim for compensation occur within the scope of subcontracted works and the claim has granted by the Employer through joint efforts of Party A and Party B, the Parties agree to claim for compensation from the Employer in proportion to the actual costs.

8.4 For issues of variation, price adjustment, compensation claim or extension of construction period, Party B shall do a good job of basic data collection, arrangement and archive keeping and submit them to Party A as required.

Article 9 Standard specifications and Final acceptance

9.1 The engineering standards and specifications related to the subcontracted works as stipulated in the Main Contract are applicable to the Subcontract works.

9.2 Tests and Inspections for Materials, Engineering Equipment, and Project

Party B shall conduct tests and inspections for materials, engineering equipment and project as agreed herein, and provide Party A with necessary test data and original records. If Party A shall jointly conduct the tests and inspections according to the contract, Party B shall be responsible for providing the necessary test data and original records. If Party A is not present, Party B may test and inspect by themselves with the consent of Party A, and shall immediately submit the test and inspection results to Party A, and Party A shall sign for confirmation. If Party A has doubts about the test and inspection results of Party B, Party A may require Party B to conduct the test and inspection again according to the contract. The above inspection and inspection costs shall be borne by Party B. If the quality of materials, engineering equipment or project does not meet the requirements of this Contract, Party B shall bear the increased expenses and/or delay in construction.

9.3 Material Test, and Technique and Process Tests on Site

Party B shall provide the test site, test personnel, test equipment and other necessary test conditions for the material test, and technique and process tests according to the contract or Party A's instructions. If necessary, Party A shall have the right to use the above sites, equipment, and other test conditions to conduct the material test, and technique and process tests for review. If necessary, Party B shall prepare the measure plan for technique and

process tests according to the technique and process tests' requirements put forward by Party A and submit it to Party A for approval.

9.4 Party B shall make a good preparation for the final acceptance as required by the Employer. Party B shall present a complete set of completion documents and submit them to Party A. for Final Acceptance for completion of the subcontracted works, which will be submitted by Party A to the Employer to form a part of the certificate of Final.Acceptance on Main Contract Works issued by Employer.

Article 10 Site Clearance

10.1 In the course of carrying out the Subcontract, the Party B shall keep the construction site reasonably free from all unnecessary obstruction, store or remove any surplus materials, clear away any wreckage, rubbish or temporary works from the construction site, and remove any Party B's Equipment no longer required for execution of the Subcontract.

10.2 After Completion of all works under this Subcontract, the Party B shall clear away and remove all its wreckage, rubbish, and debris of any kind from the construction site, and shall leave the construction site in a clean and safe condition.

Article 11 Force Majeure

11.1 "Force Majeure" shall mean any event beyond the reasonable control of the Party A or of the Party B, as the case may be, and which is unavoidable notwithstanding the reasonable care of the party affected, and shall include, without limitation, the following:

(a) war, hostilities, or warlike operations (whether a state of war be declared or not), invasion, act of foreign enemy, civil war;

(b) rebellion, revolution, insurrection, mutiny, usurpation of civil or military government, conspiracy, riot, civil commotion, terrorist acts;

(c) confiscation, nationalisation, mobilisation, commandeering or requisition by or under the order of any government or de jure or de facto authority or ruler or any other act or failure to act of any local state or national government authority;

(d) strike, sabotage, embargo, import restriction, port congestion, lack of usual means of public transportation and communication, industrial dispute, shipwreck, shortage or restriction of power supply, epidemics, quarantine, plague;

(e) earthquake, landslide, volcanic activity, fire, flood or inundation, tidal wave, typhoon or cyclone, hurricane, storm, lightning, or other inclement weather condition, nuclear and pressure waves, or other natural or physical disaster;

(f) shortage of labour, materials or utilities where caused by circumstances that are caused by circumstances that are themselves force majeure,

11.2 If either party is prevented, hindered, or delayed from or in performing any of its obligations under the Subcontract by an event of Force Majeure, then it shall notify the other in writing of the occurrence of such event and the circumstances thereof within three (3) days after the occurrence of such event.

11.3 The party who has given such notice shall be excused from the performance or punctual performance of its obligations under the Subcontract for so long as the relevant event of Force Majeure continues and to the extent that such party's performance is prevented, hindered, or delayed.

11.4 The party or parties affected by the event of Force Majeure shall use reasonable efforts to mitigate the effect thereof upon its or their performance of the Subcontract and to fulfil its or their obligations under the Subcontract, but without prejudice to either party's right to terminate the Subcontract.

11.5 No delay or non-performance by either party hereto caused by the occurrence of any event of Force Majeure shall:

(a) constitute a default or breach of the Subcontract; or

(b) give rise to any claim for damages or additional cost or expense occasioned thereby,

if and to the extent that such delay or non-performance is caused by the occurrence of an event of Force Majeure.

11.6 If the performance of the Subcontract is substantially prevented, hindered, or delayed for a single period of more than sixty (60) days or an aggregate period of more than one hundred and twenty (120) days on account of one or more events of Force Majeure during the currency of the Subcontract, the parties will attempt to develop a mutually satisfactory

solution, failing which either party may terminate the Subcontract by giving a notice to the other.

Article 12 Responsibilities for breach of Contract

12.1 Breach of the Contract

12.1.1 In case Party A does not honour the Subcontract or does not fulfil its obligations as stipulated in the Subcontract, Party A shall be liable for breach of Contract and shall compensate Party B for its economic losses due to the breach.

12.1.2 In case Party B does not fulfil its obligations specified in the Subcontract or does not fulfil subcontract-specified obligations, Party B shall be liable for breach of the Contract and shall compensate Party A for its economic losses due to the breach.

12.2 In case the breach of Subcontract due to default of Party B has caused breach of contract as Party A to the Employer which results in punishment on Party A imposed by the Employer, Party B shall bear the loss suffered by Party A as punishment imposed by the Employer.

12.3 None of the parties shall be responsible for any special, incidental, indirect, consequential loss (including but not limited to Loss of profits or income, business opportunities or business relations damage, data loss) because of this Contract or related to this Contract.

12.4 If Party B's fault causes damage to the project, materials, engineering equipment, and public facilities, Party B shall bear the repair costs.

12.5 If Party B fails to take safety production measures as required by the regulations or there are hidden dangers in production safety, it shall immediately rectify. Party A issued a written instruction requesting rectification, and Party A has the right to impose penalties on Party B if the rectification content is not rectified or the rectification is not in place.

12.6 In the event of the following breach of contract by Party B, Party A may notify Party B to terminate the contract immediately. After the contract is terminated, Party A may send personnel to the site, organize additional personnel, or entrust other contractors to construct. However, this action of Party A does not exempt Party B's liability for breach of contract, nor does it affect Party A's right to claim in accordance with the contract.

12.6.1 Party B privately transfers all or part of the contract's rights to another person, or privately transfers all or part of the contract's obligations to another person

12.6.2 Party B uses unqualified materials or engineering equipment, and the quality of the engineering fails to meet the standard requirements, and refuses to remove the unqualified engineering;

12.6.3 During the warranty period, Party B fails to repair the content of the defect list listed in the project acceptance certificate or the defects that occurred during the warranty period, and refuses to repair it according to the instructions of Party A;

12.6.4 Party B is unable to continue to perform or expressly indicates that it will not perform or has substantially stopped performing the contract;

12.6.5 Other situations where Party B does not perform its obligations as agreed in the contract.

12.6.6 After the termination of the contract, Party A assesses the value of the work completed by Party B, suspends all payments to Party B, and checks all payments and deducted amounts, including the liquidated damages that Party B should pay

12.6.7 After the termination of the contract, Party A claims to Party B for the losses caused to Party A due to the termination of the contract. After the parties to the contract confirm the above-mentioned balances, they will issue a final settlement certificate to settle all contractual payments.

12.6.8 If Party A and Party B fail to reach an agreement on the settlement after the termination of the contract and a dispute arises, the dispute shall be settled as agreed in the contract.

Article 13 Solution to disputes and Applicable laws

13.1 In case of dispute in the course of executing the Subcontract, the two parties shall consult each other in a friendly manner. In case of failure in the mutual consultation, any of the two parties can bring the case to in accordance with the arbitration regulations. The arbitration venue is the Chamber of Commerce and Industry of Serbia. The arbitration is final and binding for both parties. The arbitration cost shall be borne by the party who lost the case.

During the arbitration, both parties shall respectively fulfil their obligations and responsibilities according to the Subcontract.

13.2 The Serbia laws are applicable to establishment, effectiveness, explanation, execution, and resolution of dispute related to the Subcontract.

Article 14 Validity, Cancellation and Termination of the Subcontract

14.1 The Subcontract takes effect from the date when the Subcontract is signed by authorized signatories of both parties, stamped with both corporate seals. This subcontract will be terminated on the completion of both parties' obligations and responsibilities fulfilment.

14.2 The Subcontract shall be cancelled or terminated under the following circumstances:

(1) The Subcontract becomes impossible to be executed due to force majeure;

(2) The Main Contract is cancelled;

(3) Both Parties agree to cancel the Subcontract.

In the event of the above mentioned 3 cases, the two parties shall consult each other for a solution.

Article 15 Notices

15.1 All notifications, requests, instructions, documents, and any other type of communication between the parties hereto shall be made in accordance with the contact details (contact person, suitable address/e-mail address, phone number), as follows:

Party A's address for notice purposes:

Contact person:

Address: Belgrade, Belgrade-Zemun, Majevička 2m

E-mail:

Phone: +

Party B's address for notice purposes:

Contact person: Predrag Janković

Address: 1 Branka Radičevića Street, 11300 Smederevo, Serbia

E-mail: office@vpdsmederevo.rs

Phone: + 381 64 827 51 86

15.2 All notifications, requests, instructions, documents, and any other type of communication between the parties hereto shall be made in writing, except short notices and other communication not connected with the fulfilment of essential obligations from this Contract, including, but not limited to scheduling meetings between the parties.

15.3 It shall be deemed that the notification and any other type of communication has been delivered to the other Party:

(a) in case of delivery by registered mail or courier, in the moment of singing the delivery receipt or

(b) in case of sending by e-mail, in the moment when the subject e-mail message appears in the *inbox* (*received*) folder of the e-mail recipient.

15.4 In case the receipt of the notification in the manner referred to in the previous paragraph occurs after 05.00pm during a business day (Monday-Friday), bearing in mind the time zone applicable in the Republic of Serbia, or on the day considered as non-business day in accordance with the regulations applicable in the Republic of Serbia, it shall be deemed to be received on the first next business day at 09.00am.

15.5 In case of change of contact details referred to in the paragraph 15.1, the party whose contact details have been changed is obliged to inform the other party regarding such change the next business day the latest.

Article 16 Language

16.1 All Subcontract Documents, all correspondence, and communications to be given, and all other documentation to be prepared and supplied under the Subcontract shall be written in English and Serbian, and the Subcontract shall be construed and interpreted in accordance with that language.

16.2 If any of the Subcontract Documents, correspondence or communications are prepared in any language other than the governing language under paragraph 16.1 above, the English translation of such documents, correspondence or communications shall prevail in matters of interpretation.

Article 17 Confidential Information

17.1 The Party A and the Party B shall keep confidential and shall not, without the written consent of the other party hereto, divulge to any third party any documents, data or other information furnished directly or indirectly by the other party hereto in connection with the Subcontract regardless of whether such information has been furnished prior to, during or following termination of the Subcontract.

17.2 The Subcontract is confidential to any third party. Without consent in writing by Party A, Party B should not disclose the design documents or shop drawing to any third party. Without Party A`s consent in writing, Party B should not disclose any documents or materials related to the Main Contract and the Subcontract to any third party or use it for any other project other than the Main Contract project.

17.3 The Party A shall not use such documents, data and other information received from the Party B for any purpose other than the fulfilment of obligations referred to in this contract. Similarly, the Party B shall not use such documents, data and other information received from the Party A for any purpose other than the execution of works under this contract or such other work and services as are required for the performance of the Subcontract.

17.4 The obligation of a party under paragraph 17.1 and 17 and 17.3 above, however, shall not apply to that information which:

(a)can be proven to have been possessed by that party at the time of disclosure and which was not previously obtained, directly or indirectly, from the other party hereto; or

(b) otherwise lawfully becomes available to that party from a third party

17.5 The above provisions shall not in any way modify any undertaking of confidentiality given by either of the parties hereto prior to the date of the Subcontract in respect of the execution of works thereof.

17.6 The provisions of this Article 17 shall survive termination for whatever reason of the Subcontract.

Article 18 Agreement on implementation and application of the prescribed safety measures

18.1 During execution of the contractual obligations and during stay at the construction site, the Party B shall fully comply with all safety and health- protection rules, pursuant to the Art. 19 of the Law on Safety and Health at Work I (Official Gazette of the Republic of Serbia No. 101/2005),

18.2 The Parties shall coordinate activities, relating to reduction and mitigation of risks I for personal injury of the employees, and shall inform each other, and their employees, on risks and measures for their reduction and removal.

The Party B shall provide insurance for his engineers and workers engaged on Site (the accident and emergency sickness insurance must be provided). And should submit the list and ID No, of his engineers and workers to General Party A for recording (General Party A shall be notified of any changes and updates to this list in timely manner), In case of loss by accident within the scope of Subcontracted Works executed by Party B, Party B shall assist Party A in claiming on insurance.

18.3 Work of the Officer for coordination for implementation of the measures for ensuring safety and health of employees, shall be performed by a representative delegated by the Party B (pursuant to the Art. 19 of the Law on Safety and Health at Work)

18.4 The Party B undertakes to provide the measures of personnel protection for his employees on the stated Subcontract Works and according to the requirements of safety company employed by General Party A and Engineer.

18.5 The Party B shall be solely and exclusively liable for each damage, or accident, sustained by his employees or third parties (including damage to their property), which arise out of execution of the Party B's contractual obligations or his conduct (including its omissions). The Party B, his

employees or third parties, shall not have, or raise, any demands, or claims, against the General Party A on these grounds.

18.6 The Parties agree that Article 18 of this Contract, shall be deemed the Agreement on implementation and application of statutory measures for safety and health protection of persons engaged at the site, by the Parties, regardless of whether such persons are engaged as employees or otherwise.

18.7 The Party B shall fully comply with the regulations concerning environmental protection as well as with the rules and procedures concerning conduct at the Site.

18.8 In terms of safety at work, the Party B shall:

- notify the relevant authority as to commencement of the Subcontract Works;
- prepare the act on the implementation of the protective measures at work;
- train his personnel for the safe work;
- determine physical/psychological capability of his personnel before allocation to work positions with special working conditions;
- fully execute instructions of the coordinator for the works in accordance with the provisions of Article. 6 and 13 of the Regulation on safety and health at work at temporary or mobile construction sites (Official Gazette of the Republic of Serbia 14/2009 and 95/2010);
- instruments, manual or mechanical have to be technically in order, during the process of execution of the Subcontract Works. Instruments, which are subject to periodical examination, must have a valid professional certificate at the moment of execution of the Subcontract Works.

Article 19 OTHER PROVISIONS

19.1 The Party B shall not, without the express prior written consent of the Party A, assign to any third party the Subcontract or any part thereof, or any right, benefit, obligation, or interest therein or thereunder.

19.2 Party B knows that Party A's acceptance of Party B as a subcontractor of this project must be approved by the Employer. In the event if Employer does not approve Party B as the Sub-Contractor for the works for whatsoever reasons, this Contract shall be null and void and both parties agree not to have any kind of claims on whatsoever grounds against each other.

19.3 For matters not covered herein, the Contractor and the Subcontractor may enter into an appendix or supplementary agreement, which shall have the same legal effect as the Contract.

19.4 The appendix is an integral part of the Contract and has the same legal effect as the Contract.

19.5 This contract is made in six counterparts, with four held by party A and two held by party B.

Signed by:

For and on behalf of Party A:

Mr.

legal representative, CRSC Beograd

For and on behalf of Party B:

Mr. Luka Matovic

legal representative, VPD Smederevo doo

NOTE: VPD SMEDEREVO D.O.O, with the registered seat in Smederevo, can provide a guarantee for the performance of the work and a guarantee for the payment of an advance in the required percentage, by promissory note, but not a bank guarantee.

ВЕРНО ОРГ.